

How Much is Too Much? Elasticity of Demand



The Item	Buy, Buy, Buy! (One More)	Current Price	Stop, Stop, Stop (No More)
1 Gallon of Gas		\$3.59	
1 Large Pizza		\$9.99	
1 Double Double		\$3.20	
1 Starbucks Coffee		\$3.25	
1 Pair of Shoes		\$49.99	
1 Candy Bar		\$1.25	

Elasticity:

Shows _____ is sensitive to price.

Elasticity of Demand:

Measures how _____ react to a change in price.

Ex: It shows how drastically buyers will _____ or _____ the _____ when prices rise (↑) or fall (↓).

How would you respond to changes in price?

Even if prices were to rise significantly, what would you still buy?

- 1)
- 2)

What would you NOT buy?

- 1)
- 2)

Inelastic:

Elastic:

Think of elasticity as a rubber band!



